



March 2002

Policy

Local Auditor Sign Off for Mutual Funds and Mutual Fund Administrators

1. Statutory Authority

1.1

The statutory basis for this policy is contained in the Section 8 (1) and Section 20 (1) of the Mutual Funds law which gives the Monetary Authority the authority to approve auditors of regulated mutual funds and mutual fund administrators.

2. Statement of Objectives

2.1

To ensure the effective discharge of auditors' obligations under the legislation and to enable an efficient interface with the Authority, pursuant to one of the Authority's principal functions to promote and maintain a sound financial system.

3. The Policy

3.1

Local auditor sign-off will be required on mutual funds and mutual fund administrators regulated by the Authority. Only auditors with a physical presence in the Cayman Islands will be approved as auditors of record for locally incorporated or established mutual funds or mutual fund administrators subject to regulation by the Authority.

3.1.1 The policy does not however, require that all of the audit work is carried out locally or carried out solely by the approved auditor of record. In addition the policy does not extend to :

(a) audits of branches of international companies registered as foreign companies in the Cayman Islands and regulated by the Authority; or



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(b) foreign domiciled funds that are administered in the Cayman Islands but not otherwise registered as foreign companies doing business in the Islands.

3.1.2 Implementation

This policy will take effect on 1st July 2002 and the annual accounts of existing and new entities with financial years ending on 1st July 2002 and after must be signed-off by an approved or provisionally approved local auditor. The Authority has issued additional guidelines detailing the transitional measures.